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MEMORANDUM FOR THE VICE PRESIDENT
THE SECRETARY OF STATE
THE SECRETARY OF DEFENSE
THE SECRETARY OF AGRICULTURE
THE SECRETARY OF COMMERCE
THE DIRECTOR, OFFICE OF MANAGEMENT AND BUDGET
CHAIRMAN, COUNCIL OF ECONOMIC ADVISORS
ASSISTANT TO THE PRESIDENT FOR
NATIONAL SECURITY AFFAIRS
ASSISTANT TO THE PRESIDENT FOR POLICY DEVELOPMENT
UNITED STATES TRADE REPRESENTATIVE
✓ DIRECTOR OF CENTRAL INTELLIGENCE

SUBJECT Senior Interdepartmental Group on International
Economic Policy (SIG-IEP)

Attached are papers on public diplomacy aspects of the
Williamsburg Summit which were prepared by the Sherpa team and
Ambassador Rentschler's office for the SIG-IEP meeting to be held
Thursday, May 19, at 3:00 p.m., in the Roosevelt Room.

for *Epistle Dickinson*
David E. Pickford
Executive Secretary

Attachment

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U.S. PRIORITIES FOR THE 1983 ECONOMIC SUMMIT
OF INDUSTRIALIZED NATIONS

President Reagan will host the ninth annual Economic Summit in Williamsburg, Virginia, May 28 - 30, 1983. The President is looking forward to the Summit with four priorities in mind:

I. Mark the real progress that has been achieved in beginning the economic recovery:

-- Economic recovery is underway in the United States.

-- Some other Summit countries--UK, Germany, and Japan--are experiencing improved economic circumstances.

-- The Summit countries' economic policies are more on a converging path than they have been in some time.

-- Confidence is growing that the recovery will spread to other industrial countries and the developing countries.

II. Make clear that only a sustained recovery can help the Summit and other countries, especially in Europe where unemployment has increased for eleven straight years, and in the developing countries where heavy debt obligations will persist for the rest of this decade.

-- Artificially stimulating the recovery may only increase expectations in inflation, which already remain high because of lingering concerns about government spending and excessive money creation.

-- Acting with steadiness and consistency across a range of policy areas that exploit linkages between the domestic and international economies and reinforce the impetus to growth means:

- Bringing inflation down in all countries so as to achieve greater stability in exchange rates.

- Reversing recent protectionist measures so growth can spread to other nations, both industrial and developing.

- Supporting the international financial system so as to maintain vital trade, to enhance recovery in the developed world through exports and to provide markets for the heavily indebted countries.

-- A sustained recovery requires a longer-term perspective to guide current domestic policy actions and to improve the international trading and financial system.

- Encouraging convergence of domestic economic performance around low inflation and higher output in a medium-term perspective (two-three years) thereby ensuring greater international monetary stability.

- Continuing ad hoc discussion of the relationships between trade and financial issues to encourage, over time, further liberalization of trade in the GATT, particularly with developing countries, and to seek improvements in the international financial system.

- Continued emphasis on fundamental adjustments in both industrial and developing countries to adapt new technology, retrain workers, and reduce inefficiency.

III. Stress that if the recovery is to be a sustained one, bringing real economic growth and increased employment, we must avoid the lure of quick fixes and single solutions to complex problems. In particular, we must avoid a new round of world-wide inflation and rising interest rates.

IV. Secure broad recognition that the concern of the Summit countries with economic progress is not primarily a matter of material gain, but a reflection of the basic shared values of these countries of individual freedom and economic opportunity and an essential element of their security.

- Economic progress and cooperation reinforce security commitments to maintain peace and defend freedom.

- The common approach taken by the allies to East-West economic relations in the IEA, OECD and NATO is good evidence that this recognition is growing.

- In the interest of the free world's security, we will work with our allies to restrict the flow of high technology products and knowledge having a clear and important military application to the East.

- The work of the Summit does not begin nor end in Williamsburg; it is part of a process which focuses on longer-term strategies and which has direct relevance to the concerns of the "successor generation."